

VILLAGE OF BARODA

FINANCIAL REPORT

March 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF BARODA	County BERRIEN
Audit Date 3/31/05	Opinion Date 5/13/05	Date Accountant Report Submitted to State: July 6, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

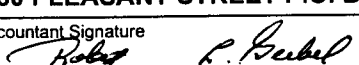
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C. CPA'S			
Street Address 830 PLEASANT STREET P.O. BOX 44	City ST. JOSEPH	State MI	ZIP 49085
Accountant Signature 		Date 7-6-05	

VILLAGE OF BARODA
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2005

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**Village of Baroda
Berrien County, Michigan
Management's Discussion and Analysis
Fiscal Year 2004 – 2005**

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

Government Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and Statement of Activities are designed to be corporate-like in that all the government and business-type activities are consolidated into columns, which add to a total for the Primary Government. These statements should help the reader to answer the questions: Is the Village, as a whole, better off or worse off as a result of this year's activities. The year's revenues and expenses are recognized regardless of when cash is received or paid.

The Statement of Net Assets focus is designed to be similar to the bottom line results for the Village and its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental funds' current financial resources, (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Village's assets and liabilities, with the difference between the two reported at "net assets." Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. However, in order to assess the overall health of the Village, non-financial factors such as the Village's property tax base and condition of its infrastructure (water lines, sewer lines and lift stations) may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental and business-type activities) that are supported by the Village's property taxes, state revenue sharing, water and sewer user fees, and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and provides information showing how the Village's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of

the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Baroda that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works and recreation and culture. The business-type activities of the Village include the water and sewer funds.

Both statements report two activities:

1. Governmental Activities – Most of the Village's basic services (police, fire, park, government operations) are reported under this category. Taxes and intergovernmental revenue generally fund these services. The Village's governmental activities include legislative, general government, public safety, public works and recreation.
2. Business-type Activities – The Village charges fees to customers for water and sewer usages to cover all or most of the cost of services provided. The Village operates two business-type activities that reflect private sector type operations: Water and Sewer operating.

Fund Financial Statements

Traditional users of the governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Village's most significant funds (Major Funds), not the Village as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to maintain control over resources that have been segregated for a specific activity or objective. The Village of Baroda, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

State Law requires certain funds be maintained. The Village Council establishes other funds to control and manage money for particular purposes. The Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith. In addition to major funds, the Village presents individual fund data for nonmajor funds in the supplementary information section.

All of the funds of the Village of Baroda can be divided into two categories: governmental and proprietary funds. Government Funds include the General Fund, special revenue funds. The Proprietary Funds include the Water and Sewer Operating Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

The Village of Baroda maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general operating fund, and one special revenue fund - Major Street that is considered a major fund. The data from the other two special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Village of Baroda maintains one type of proprietary fund - Enterprise Fund. Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water Operating and Sewer Operating Funds. The Village has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Operating and Sewer Operating funds and are considered major funds of the Village.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. Budgetary schedules in front of the notes to the financial statements are also a part of required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded its liabilities at the end of the fiscal year by \$1,667,432. However, a portion of the Village's net assets (61.51%) represents its investment in capital assets (e.g. land, buildings, equipment, water and sewer systems). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Net Assets

	Governmental Activities 2004-05	Business-Type Activities 2004-05	Total 2004-05
Current Assets	\$176,695	\$475,461	\$652,156
Non-current Assets	<u>\$356,025</u>	<u>\$1,044,620</u>	<u>\$1,400,645</u>
Total Assets	<u>\$511,489</u>	<u>\$1,520,081</u>	<u>\$2052,801</u>
Long-Term Debt			
Outstanding	-	\$375,000	\$375,000
Other Liabilities	<u>\$5,610</u>	<u>\$4,759</u>	<u>\$10,369</u>
Total Liabilities	<u>\$5,610</u>	<u>\$379,759</u>	<u>\$385,369</u>
<i>Net Assets:</i>			
Invested in Capital			
Assets, Net of			
Related Debt	\$356,025	\$669,620	\$1,025,645
Restricted	-	\$111,581	\$111,581
Unrestricted	<u>\$171,085</u>	<u>\$359,121</u>	<u>\$530,206</u>
Total Net Assets	<u>\$527,110</u>	<u>\$1,140,322</u>	<u>\$1,667,432</u>

GASB 34 requires year-over-year comparisons but since this is the first year of GASB 34, no comparison is required.

Statement of Activities

	Governmental Activities 2004-05	Business-Type Activities 2004-05	Total 2004-05
<i>Program Revenues</i>			
Charges for Services	\$44,370	\$206,536	\$250,906
Operating Grants & Contributions	63,616	-	63,616
Capital Grants & Contributions	100,594	-	100,594
<i>General Revenues</i>			
Property Taxes	95,016	57,480	152,496
State-Shared Revenues	82,565	-	82,565
Unrestricted Investment Earnings	3,004	4,984	7,988
Transfers & Other Revenue	<u>9,845</u>	<u>-</u>	<u>9,845</u>
Total Revenues	<u>\$399,010</u>	<u>\$269,000</u>	<u>\$668,010</u>
<i>Program Expenses</i>			
Legislative	\$8,902	-	\$8,902
General Government	145,815	-	145,815
Public Safety	16,086	-	16,086
Public Works	106,395	-	106,395
Community & Economic Develop.	5,021	-	5,021
Recreation & Culture	17,759	-	17,759
Interest on Long-Term Debt	1,000	-	1,000
Water & Sewer	<u>-</u>	<u>216,533</u>	<u>216,536</u>
Total Expenses	<u>\$300,978</u>	<u>\$216,533</u>	<u>\$517,511</u>
Change in Net Assets	<u>\$98,032</u>	<u>\$52,467</u>	<u>\$150,499</u>

GASB 34 requires year-over-year comparisons but since this is the first year of GASB 34, no comparison is required.

Governmental Activity Net Assets increased approximately \$98,032. Highlights are listed below:

- Experienced an increase of \$14,873 in Tax Revenues due to increase in Millage
- Experienced a decrease in State Revenue Sharing due to State budget cuts
- Experienced an increase in Licenses and Permits Revenue due to new construction in the Village
- Contribution from the Component Unit for Capital Outlay for Park Improvements in the amount of \$46,852
- Experienced a \$6,000 decrease in General Government Expenditures
- Experienced a \$10,000 increase in Public Works Expenditures
- Experienced a \$98,163 increase in Capital Outlay Expenditures for Park Pedestrian Bridge
- Major Street net assets increased by \$31,170 for an ending net asset of \$91,938. Of the \$91,938 a total of \$50,000 has been designated for the Lemon Creek Road Project

Business-Type Activities increased by \$52,467. Highlights are listed below:

- Metered Sales Revenue increased \$4,226 over last year
- Experienced an increase in Tap Installation Fees
- Hydrant Rental Fees were increased \$12.50 per hydrant resulting in an increase of \$2,350
- Last year's Other Revenue was higher due to the sale of the backhoe which resulted in a \$6,000 decrease in Other Revenue for this year
- Experienced a \$5,000 increase in Water Purchased Expenditures
- Experienced a \$1,500 decrease in Professional Services Expenditures
- Experienced over an \$11,000 increase in Repair and Maintenance Expenditures due to repair work and improvements on the Water Tower
- The Non-operating Revenue earned through Property Taxes saw an increase of about \$3,000

Enterprise Fund Operations

The Village's business-type activities consist of the Water and Sewer Funds. We provide water to 99% of the Village and to some of the surrounding Township homes. We purchase our water from the Lake Charter Township Water Department. Sewer service is provided to 98% of the Village and no sewer service is provided to the Township residents. With the increase of Township residents requesting water along the Lemon Creek water line, we doubled our income in tap fees over the 2003 - 2004 fiscal year.

The apartment building recently built in the Hickory Creek Apartment Complex added the equivalency of six new homes to the systems. Work on the Lakeshore

Vineyards sub-division has begun and proposes to add an additional 23 houses to the water and sewer systems.

Overall, we saw an increase in Water Fund Operating Expenses and Operating Revenue and a slight decrease in Sewer Fund Operating Expenses and Operating Revenue.

As we look at the business-type activities separately from the governmental activities, we see that the business-type activities have over double the net assets of the governmental activities even though the business-type activities have a much larger amount of liabilities. The business-type activities have bonds that need to be paid off. We believe with the proposed housing developments being looked at, that we will see quite an increase in revenue in our business-type activities.

Financial Analysis of Governmental Funds

General Fund Highlights

The General Fund Revenue was up by \$100,700 from the 2003-04 fiscal year. This was due to increased tax revenues, Non-business licenses and permits, Interest and Rents and to Contribution from our Component Unit. Most of the Village's expenses are paid out of the General Fund. Our largest increase in spending was capital outlay at the Village Park to install the pedestrian bridge.

Employee benefits were a focus during the fiscal year. The Village Treasurer worked on setting up a retirement plan for the Village employees through Hilliard Lyons. The Village contributed 6% of the employees' wages to the Plan. Health insurance benefits are paid for the three full-time employees. We have experienced a slight rise in premiums at the end of the fiscal year.

Major Street Highlights

The Major Street Fund Revenue increased by \$2,468 from the previous year due to Act 51 monies received from the State. The Component Unit contributed \$15,000 toward the Lemon Creek Road Project. Expenditures decreased by less than \$1,000.

The Fund Balance increased \$31,170 for the year. The Major Street Fund Balance at the end of the year was \$91,938 of which \$50,000 is designated for the Lemon Creek Road Project.

General Fund Budgetary Highlights

A difference between the original budget and the final amended budget was \$37,010 and can be briefly summarized as follows:

- Increase in Legal Fees of \$5,500 due to legal action of ordinance violations
- Increase in Miscellaneous Expenditures of \$5,000 of which \$3,000 was due to SEV tax adjustments made by the State
- Park Equipment Rental increased due to work done on capital improvement project
- Park Miscellaneous increased \$11,000 but most of that was off set with donations for the Park Flagpole and Park Playground Equipment

Capital Asset and Debt Administration

Capital Assets

Major capital assets at the Village Park during the fiscal year came to approximately \$99,000 and included the following:

- Installation of pedestrian bridge at the Village Park
- Installation of gazebo at the Village Park
- Installation of sidewalks at the Village Park
- Installation of flagpole
- Contributed toward cost of new playground equipment

Statement of Capital Assets (net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$120,270	\$81,110	\$201,380
Buildings	29,071	-	29,071
Land Improvements	110,738	-	110,738
Machinery & Equipment	94,536	23,155	117,691
Vehicles	-	-	-
Office Equipment	1,410	-	1,410
Utility System	-	<u>940,355</u>	<u>940,355</u>
Total	<u>\$356,025</u>	<u>\$1,044,620</u>	<u>\$1,400,645</u>

Additional information on capital assets can be found in Note 3 of the Financial Statements.

Long Term Debt

The Sewer Fund has a balance of \$235,000 in bonds to be paid to Berrien County. These bonds should be paid off by in 2011.

The Water Fund has a balance of \$140,000 in bonds to be paid to Berrien County. These bonds should be paid off by 2019.

The General Fund paid off a loan to the Baroda Downtown Development Authority for the purchase of a front-end loader.

Investments

The Treasurer has invested \$360,000 in Certificate of Deposits to help grow our funds. Funds with CD's are: Major Street, Centennial, Sewer O & M, General, Water O & M, and DDA.

Economic Factors and Next Year's Budgets and Rates

The Village had an Economic Enhancement Study done by Charles Eckenstahler of Public Consulting Team and Wightman & Associates, Inc. To summarize the report, the Village is really early in the growth cycle. Mr. Eckenstahler stated that he believes that everything that is happening with the current economics in the Twin Cities area and in Berrien County, that Baroda is in the position for growth and development in about seven years. In the short-term he doesn't anticipate a lot of housing development in Baroda. The Village Council and DDA are working together to create desirable conditions for economic growth in the Village. They began on several projects this year, but the entire plan will approximately 10 years to complete.

We expect to an increase to our revenue as we develop and sell parcels in the Industrial Park. Tax revenues should increase with the proposed housing developments within the village are built.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 13, 2005

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Baroda, as of and for the year ended March 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on pages I through X and 8 through 10, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Baroda's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

VILLAGE OF BARODA
Statement of Net Assets
March 31, 2005

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
Assets				
Cash	\$ 151,709	\$ 448,497	\$ 600,206	\$ 261,561
Receivables	12,023	26,964	38,987	-
Prepaid expenses	12,963	-	12,963	-
Capital assets (net of related depreciation): NOTE 3				
Land	120,270	81,110	201,380	-
Buildings	29,071	-	29,071	-
Land improvements	110,738	-	110,738	-
Machinery and equipment	94,536	23,155	117,691	-
Vehicles	-	-	-	-
Office equipment	1,410	-	1,410	-
Utility systems	-	940,355	940,355	-
Total Assets	\$ 532,720	\$ 1,520,081	\$ 2,052,801	\$ 261,561
Liabilities				
Accounts payable	\$ 5,535	\$ -	\$ 5,535	\$ -
Payroll liabilities	75	-	75	-
Accrued interest	-	2,500	2,500	-
Customer deposits	-	2,259	2,259	-
Noncurrent liabilities:				
Due within one year	-	45,000	45,000	-
Due in more than one year	-	330,000	330,000	-
Total Liabilities	\$ 5,610	\$ 379,759	\$ 385,369	\$ -
Nets Assets				
Invested in capital assets, net of related debt	\$ 356,025	\$ 669,620	\$ 1,025,645	\$ -
Restricted	-	111,581	111,581	-
Unrestricted	171,085	359,121	530,206	261,561
TOTAL NET ASSETS	\$ 527,110	\$ 1,140,322	\$ 1,667,432	\$ 261,561

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Statement of Activities
For the Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
Legislative	\$ 8,902	\$ -	\$ -	\$ -
General government	145,815	11,390	-	-
Public safety	16,086	-	49,965	-
Public works	106,395	32,980	13,651	15,000
Community and economic development	5,021	-	-	-
Recreation and cultural	17,759	-	-	85,594
Interest on long-term debt	1,000	-	-	-
Total Governmental Activities	<u>\$ 300,978</u>	<u>\$ 44,370</u>	<u>\$ 63,616</u>	<u>\$ 100,594</u>
Business-type Activities:				
Sewer fund	\$ 101,019	\$ 88,506	\$ -	\$ -
Water fund	115,514	118,030	-	-
Total Business-type Activities	<u>\$ 216,533</u>	<u>\$ 206,536</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 517,511</u>	<u>\$ 250,906</u>	<u>\$ 63,616</u>	<u>\$ 100,594</u>
Component Unit:				
Downtown Development Authority	<u>\$ 71,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
State revenue sharing
Interest
Other revenue
Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Downtown</u> <u>Development</u> <u>Authority</u>
\$ (8,902)	\$ -	\$ (8,902)	\$ -
(134,425)	-	(134,425)	-
33,879	-	33,879	-
(44,764)	-	(44,764)	-
(5,021)	-	(5,021)	-
67,835	-	67,835	-
(1,000)	-	(1,000)	-
<u>\$ (92,398)</u>	<u>\$ -</u>	<u>\$ (92,398)</u>	<u>\$ -</u>
 \$ -	 \$ (12,513)	 \$ (12,513)	 \$ -
<u>-</u>	<u>2,516</u>	<u>2,516</u>	<u>-</u>
 \$ -	 \$ (9,997)	 \$ (9,997)	 \$ -
<u>\$ (92,398)</u>	<u>\$ (9,997)</u>	<u>\$ (102,395)</u>	<u>\$ -</u>
 \$ -	 \$ -	 \$ -	 \$ (71,416)
 \$ 95,016	 \$ 57,480	 \$ 152,496	 \$ 91,989
82,565	-	82,565	-
3,004	4,984	7,988	2,438
9,845	-	9,845	113
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 190,430</u>	<u>\$ 62,464</u>	<u>\$ 252,894</u>	<u>\$ 94,540</u>
 \$ 98,032	 \$ 52,467	 \$ 150,499	 \$ 23,124
<u>429,078</u>	<u>1,087,855</u>	<u>1,516,933</u>	<u>238,437</u>
<u>\$ 527,110</u>	<u>\$ 1,140,322</u>	<u>\$ 1,667,432</u>	<u>\$ 261,561</u>

**VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2005**

	<u>General Fund</u>	<u>Major Street Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 57,234	\$ 91,938	\$ 2,537	\$ 151,709
Taxes receivable	12,023	-	-	12,023
Prepaid expenses	12,963	-	-	12,963
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 82,220	\$ 91,938	\$ 2,537	\$ 176,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 82,220	\$ 91,938	\$ 2,537	\$ 176,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 5,535	\$ -	\$ -	\$ 5,535
Payroll liabilities	75	-	-	75
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	\$ 5,610	\$ -	\$ -	\$ 5,610
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ 5,610	\$ -	\$ -	\$ 5,610
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Unreserved				
Designated, reported in				
Special Revenue	\$ -	\$ 50,000	\$ -	\$ 50,000
Undesignated, reported in				
General Fund	76,610	-	-	76,610
Special Revenue	-	41,938	2,537	44,475
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	\$ 76,610	\$ 91,938	\$ 2,537	\$ 171,085
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,220	\$ 91,938	\$ 2,537	\$ 176,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
March 31, 2005

Fund balances of governmental funds \$ 171,085

Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the Government-Wide statements and depreciated over their useful lives.

356,025

Net assets of governmental activities

\$ 527,110

VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2005

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 95,016	\$ -	\$ -	\$ 95,016
State shared revenue	82,565	48,850	14,766	146,181
Interest and rents	35,298	602	84	35,984
Licenses and permits	9,913	-	-	9,913
Charges for services	1,477	-	-	1,477
Contributions and grants	38,742	-	-	38,742
Contributions from component unit	46,852	15,000	-	61,852
Other revenue	9,845	-	-	9,845
Total Revenues	<u>\$ 319,708</u>	<u>\$ 64,452</u>	<u>\$ 14,850</u>	<u>\$ 399,010</u>
Expenditures				
Legislative	\$ 8,902	\$ -	\$ -	\$ 8,902
General government	140,544	1,468	1,943	143,955
Public safety	5,957	-	10,129	16,086
Public works	36,562	31,814	26,662	95,038
Community and economic development	5,021	-	-	5,021
Recreation and cultural	14,863	-	-	14,863
Capital outlay	106,463	-	-	106,463
Debt service	1,000	-	-	1,000
Total Expenditures	<u>\$ 319,312</u>	<u>\$ 33,282</u>	<u>\$ 38,734</u>	<u>\$ 391,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 396</u>	<u>\$ 31,170</u>	<u>\$ (23,884)</u>	<u>\$ 7,682</u>
Other Financing Sources (Uses)				
Operating transfer in	\$ -	\$ -	\$ 8,387	\$ 8,387
Operating transfer out	(8,387)	-	-	(8,387)
Total Other Financing Sources (Uses)	<u>\$ (8,387)</u>	<u>\$ -</u>	<u>\$ 8,387</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (7,991)</u>	<u>\$ 31,170</u>	<u>\$ (15,497)</u>	<u>\$ 7,682</u>
Fund Balances, Beginning of Year	<u>84,601</u>	<u>60,768</u>	<u>18,034</u>	<u>163,403</u>
FUND BALANCES, END OF YEAR	<u>\$ 76,610</u>	<u>\$ 91,938</u>	<u>\$ 2,537</u>	<u>\$ 171,085</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2005

Net change in fund balances - total governmental funds	\$ 7,682
--	----------

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the Government-Wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.

<u>90,350</u>

Change in net assets of governmental activities

<u>\$ 98,032</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 78,900	\$ 78,900	\$ 95,016	\$ 16,116
Non-business licenses and permits	11,300	11,300	9,913	(1,387)
State revenue	80,000	80,000	82,565	2,565
Charges for services	1,000	1,000	1,477	477
Interest and rents	36,100	36,100	35,298	(802)
Contributions and grants	89,300	89,300	85,594	(3,706)
Other revenue	10,000	10,000	9,845	(155)
Total Revenues	\$ 306,600	\$ 306,600	\$ 319,708	\$ 13,108
Expenditures:				
Legislative	\$ 9,412	\$ 9,712	\$ 8,902	\$ 810
General government	129,762	147,922	140,544	7,378
Public safety	4,000	5,500	5,957	(457)
Public works	49,900	50,950	36,562	14,388
Community and economic development	11,450	12,950	5,021	7,929
Recreation and cultural	13,386	16,886	14,863	2,023
Capital outlay	88,000	99,000	106,463	(7,463)
Debt service	2,000	2,000	1,000	1,000
Total Expenditures	\$ 307,910	\$ 344,920	\$ 319,312	\$ 25,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,310)	\$ (38,320)	\$ 396	\$ 38,716
Other Financing Sources (Uses):				
Operating transfers out	\$ (29,662)	\$ (29,662)	\$ (8,387)	\$ 21,275
Total Other Financing Sources (Uses)	\$ (29,662)	\$ (29,662)	\$ (8,387)	\$ 21,275
Net Change in Fund Balance	\$ (30,972)	\$ (67,982)	\$ (7,991)	\$ 59,991
Fund Balance, Beginning of Year	84,601	84,601	84,601	-
FUND BALANCE, END OF YEAR	\$ 53,629	\$ 16,619	\$ 76,610	\$ 59,991

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
State shared revenue	\$ 43,000	\$ 43,000	\$ 48,850	\$ 5,850
Interest and rents	200	200	602	402
Contribution from component unit	15,000	15,000	15,000	-
Total Revenues	\$ 58,200	\$ 58,200	\$ 64,452	\$ 6,252
Expenditures:				
General Government:				
Professional services	\$ 600	\$ 600	\$ 475	\$ 125
Insurance	1,000	1,000	993	7
Miscellaneous	100	100	-	100
Total General Government	\$ 1,700	\$ 1,700	\$ 1,468	\$ 232
Public Works:				
Construction:				
Contract services	\$ 21,000	\$ 21,000	\$ -	\$ 21,000
Routine Maintenance:				
Salaries	\$ 8,000	\$ 8,000	\$ 6,852	\$ 1,148
Payroll taxes	612	612	524	88
Supplies	1,500	1,500	249	1,251
Equipment rental	10,000	20,000	16,106	3,894
Repairs and maintenance	2,000	2,000	1,507	493
Total Routine Maintenance	\$ 22,112	\$ 32,112	\$ 25,238	\$ 6,874
Winter Maintenance:				
Salaries	\$ 3,000	\$ 3,000	\$ 1,952	\$ 1,048
Payroll taxes	230	230	149	81
Supplies	1,850	1,850	1,023	827
Equipment rental	4,000	4,000	3,452	548
Total Winter Maintenance	\$ 9,080	\$ 9,080	\$ 6,576	\$ 2,504
Total Public Works	\$ 52,192	\$ 62,192	\$ 31,814	\$ 30,378
Total Expenditures	\$ 53,892	\$ 63,892	\$ 33,282	\$ 30,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,308	\$ (5,692)	\$ 31,170	\$ 36,862

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,308	\$ (5,692)	\$ 31,170	\$ 36,862
Other Financing Sources (Uses):				
Operating transfer out	<u>(4,308)</u>	<u>(4,308)</u>	<u>-</u>	<u>4,308</u>
Net Change in Fund Balance	\$ -	\$ (10,000)	\$ 31,170	\$ 41,170
Fund Balances, Beginning of Year	<u>60,768</u>	<u>60,768</u>	<u>60,768</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 60,768</u>	<u>\$ 50,768</u>	<u>\$ 91,938</u>	<u>\$ 41,170</u>

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Net Assets
March 31, 2005**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 215,731	\$ 112,526	\$ 328,257
Billings receivable	5,745	5,794	11,539
Assessments	<u>15,425</u>	<u>-</u>	<u>15,425</u>
Total Current Assets	<u>\$ 236,901</u>	<u>\$ 118,320</u>	<u>\$ 355,221</u>
Noncurrent Assets:			
Restricted Cash:			
Revenue bond interest	\$ 91,298	\$ 20,283	\$ 111,581
System improvements	1,227	5,173	6,400
Meter deposits	<u>-</u>	<u>2,259</u>	<u>2,259</u>
Total Restricted Cash	<u>\$ 92,525</u>	<u>\$ 27,715</u>	<u>\$ 120,240</u>
Capital Assets:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Vehicles	-	4,500	4,500
Water supply system	-	718,054	718,054
Sanitary sewer system	1,179,727	-	1,179,727
Plant additions	1,105	-	1,105
Accumulated depreciation	<u>(618,945)</u>	<u>(376,979)</u>	<u>(995,924)</u>
Total Capital Assets	<u>\$ 699,045</u>	<u>\$ 345,575</u>	<u>\$ 1,044,620</u>
Total Noncurrent Assets	<u>\$ 791,570</u>	<u>\$ 373,290</u>	<u>\$ 1,164,860</u>
TOTAL ASSETS	<u>\$ 1,028,471</u>	<u>\$ 491,610</u>	<u>\$ 1,520,081</u>

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities
Enterprise Funds**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities and Net Assets			
Current Liabilities:			
Accrued interest	\$ -	\$ 2,500	\$ 2,500
Current portion of debt	35,000	10,000	45,000
Customer meter deposits	-	2,259	2,259
	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	\$ 35,000	\$ 14,759	\$ 49,759
	<u> </u>	<u> </u>	<u> </u>
Noncurrent Liabilities:			
Bonds payable, net of current portion	\$ 200,000	\$ 130,000	\$ 330,000
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ 235,000	\$ 144,759	\$ 379,759
	<u> </u>	<u> </u>	<u> </u>
Nets Assets:			
Invested in capital assets, net of related debt	\$ 464,045	\$ 205,575	\$ 669,620
Restricted for debt service	91,298	20,283	111,581
Unrestricted:			
Designated for improvements	1,227	5,173	6,400
Undesignated	236,901	115,820	352,721
	<u> </u>	<u> </u>	<u> </u>
Total Net Assets	\$ 793,471	\$ 346,851	\$ 1,140,322
	<u> </u>	<u> </u>	<u> </u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,028,471	 \$ 491,610	 \$ 1,520,081
	<u> </u>	<u> </u>	<u> </u>

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended March 31, 2005**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$ 71,768	\$ 91,580	\$ 163,348
Tap installation fees	-	14,250	14,250
Hydrant rentals	-	11,750	11,750
Equipment rentals	16,727	-	16,727
Other	11	450	461
Total Operating Revenues	\$ 88,506	\$ 118,030	\$ 206,536
Operating Expenses:			
Water purchased	\$ -	\$ 45,953	\$ 45,953
Salaries and wages	27,683	9,567	37,250
Payroll taxes	2,118	732	2,850
Supplies	370	1,803	2,173
Professional services	2,775	1,982	4,757
Insurance	1,806	1,625	3,431
Utilities	1,249	146	1,395
Contractual services	197	5,160	5,357
Depreciation	34,968	16,816	51,784
Repairs and maintenance	5,722	20,086	25,808
Equipment rental	4,800	2,593	7,393
Sampling	2,145	150	2,295
Miscellaneous	1,641	1,401	3,042
Total Operating Expenses	\$ 85,474	\$ 108,014	\$ 193,488
Operating Income	\$ 3,032	\$ 10,016	\$ 13,048
Nonoperating Revenue (Expense):			
Interest income	\$ 3,915	\$ 1,069	\$ 4,984
Property taxes	57,480	-	57,480
Interest expense	(15,545)	(7,500)	(23,045)
Total Net Nonoperating Expenses	\$ 45,850	\$ (6,431)	\$ 39,419
Change in Net Assets	\$ 48,882	\$ 3,585	\$ 52,467
Total Net Assets, Beginning of Year	744,589	343,266	1,087,855
TOTAL NET ASSETS, END OF YEAR	\$ 793,471	\$ 346,851	\$ 1,140,322

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2005**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 74,113	\$ 108,389	\$ 182,502
Cash receipts from interfund services provided	16,727	9,750	26,477
Payments to employees	(27,683)	(9,567)	(37,250)
Payments of benefits on behalf of employees	(2,118)	(732)	(2,850)
Payments for interfund services used	(4,800)	(2,593)	(7,393)
Payments to suppliers	(15,905)	(78,306)	(94,211)
Net cash provided (used) by operating activities	<u>\$ 40,334</u>	<u>\$ 26,941</u>	<u>\$ 67,275</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from debt related tax levy	\$ 57,480	\$ -	\$ 57,480
Interest received on special assessments	1,655	-	1,655
Payment of debt principal	(30,000)	(10,000)	(40,000)
Payment of debt related interest	(15,545)	(7,500)	(23,045)
Net cash provided (used) by capital and related financing activities	<u>\$ 13,590</u>	<u>\$ (17,500)</u>	<u>\$ (3,910)</u>
Cash Flows From Investing Activities			
Interest income	\$ 2,260	\$ 1,069	\$ 3,329
Net cash provided (used) by investing activities	<u>\$ 2,260</u>	<u>\$ 1,069</u>	<u>\$ 3,329</u>
Net increase (decrease) in cash and cash equivalents	\$ 56,184	\$ 10,510	\$ 66,694
Cash Balance, Beginning of Year	<u>252,072</u>	<u>129,731</u>	<u>381,803</u>
CASH BALANCE, END OF YEAR	<u>\$ 308,256</u>	<u>\$ 140,241</u>	<u>\$ 448,497</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2005**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,032	\$ 10,016	\$ 13,048
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 34,968	\$ 16,816	\$ 51,784
(Increase) decrease in:			
Assessments	2,334	-	2,334
Increase (decrease) in:			
Customer meter deposits	-	109	109
Total adjustments	\$ 37,302	\$ 16,925	\$ 54,227
Net cash provided (used) by operating activities	\$ 40,334	\$ 26,941	\$ 67,275

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Village of Baroda, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

Village of Baroda Downtown Development Authority. The members of the governing board of the Downtown Development Authority are appointed by the Village of Baroda. The Authority's operational budget, including its tax levy, is subject to the approval or modification by the Village Board. Also, surplus funds existing at termination of the Authority rest with the Village.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Baroda reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the upkeep and maintenance of major streets within the Village.

Village of Baroda reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Village's share of the Lake Charter Township's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the operation of the sanitary collections system serving the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Village of Baroda as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	7-10 years
Utility Systems	10-40 years
Land Improvements	15-20 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 15 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 8.6547 mills for general operations and 4.0000 mills for sewer debt retirement in 2004. Taxable value of real and personal property for the 2004 tax levy was \$12,924,871 at the full millage rate and \$3,135,530 of I.F.T. property taxed at fifty percent of the millage rate.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Restricted Cash

Certain resources in the Village's enterprise funds have been set aside for specific future expenditures and repayments, including monies held for meter deposits, amounts to be used for improvements and amounts to be used for interest expense on bonds payable.

J. Cash and Cash Equivalents

The Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be defined as cash equivalents.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

L. Designated Fund Balances

Certain resources have been contributed to the Village's Major Street Fund for the intended purpose of improvements to Lemon Creek Road. Until these improvements have been completed, a portion of the unrestricted fund balance has been designated for these improvements.

M. Restricted and Designated Net Assets

The Village's water and sewer enterprise funds have restricted net assets to account for the cash restricted for bond debt interest. The designated unrestricted net assets are intended for improvements to the water and sewer systems.

NOTE 2 - CASH DEPOSITS

The Village's deposits, which include cash and certificates of deposit, are carried at cost. Act 217, PA 1982, authorizes the Village to deposit and invest in the accounts of Federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Village's deposits are in accordance with statutory authority at March 31, 2005.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 2 - CASH DEPOSITS - Continued

Year-End Deposits

At year-end, the deposits consisted of the following components:

	<u>Carrying Amount</u>		
	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
Bank deposits	\$ 600,106	\$ 261,561	\$ 861,667
Petty cash	<u>100</u>	<u>-</u>	<u>100</u>
Cash and Cash Equivalents as reported in statements	\$ 600,206	\$ 261,561	\$ 861,767
Less: Petty cash	<u>(100)</u>	<u>-</u>	<u>(100)</u>
Total Deposits	<u>\$ 600,106</u>	<u>\$ 261,561</u>	<u>\$ 861,667</u>

For the bank deposits and certificates of deposit, \$360,000 was covered by federal depository insurance and \$515,630 was uninsured. The bank balances are categorized to give an indication of the level of risk assumed by the entity at year-end.

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Primary Government		
Amount insured by the FDIC	\$ 234,000	\$ 234,000
Uncollateralized and uninsured	<u>366,106</u>	<u>380,069</u>
Total Primary Government	<u>\$ 600,106</u>	<u>\$ 614,069</u>
Component Unit		
Amount insured by the FDIC	\$ 126,000	\$ 126,000
Uncollateralized and uninsured	<u>135,561</u>	<u>135,561</u>
Total Component Unit	<u>\$ 261,561</u>	<u>\$ 261,561</u>
Total Reporting Entity	<u>\$ 861,667</u>	<u>\$ 875,630</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 2 - CASH DEPOSITS - Continued

Cash consisted of the following at March 31, 2005:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
Unrestricted Funds:			
Cash and cash equivalents	\$ 479,966	\$ 261,561	\$ 741,527
Restricted Funds:			
Revenue bond interest	\$ 111,581	\$ -	\$ 111,581
System improvements	6,400	-	6,400
Meter deposits	2,259	-	2,259
Total Restricted	\$ 120,240	\$ -	\$ 120,240
Total Cash	\$ 600,206	\$ 261,561	\$ 861,767

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2005 were as follows:

	<u>Balance April 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2005</u>
Governmental Activities				
Land	\$ 120,270	\$ -	\$ -	\$ 120,270
Buildings	\$ 58,390	\$ -	\$ -	\$ 58,390
Land Improvements	23,758	97,678	-	121,436
Machinery and equipment	187,084	8,785	-	195,869
Vehicles	24,872	-	-	24,872
Office Equipment	6,481	-	-	6,481
Subtotal	\$ 300,585	\$ 106,463	\$ -	\$ 407,048
Less: Accumulated Depreciation	(155,180)	(16,113)	-	(171,293)
Total Capital Assets Other Than Land	\$ 145,405	\$ 90,350	\$ -	\$ 235,755

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 3 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2005</u>
Business Activities				
Land	\$ 81,110	\$ -	\$ -	\$ 81,110
Machinery and equipment	56,048	-	-	56,048
Vehicles	4,500	-	-	4,500
Utility Systems	<u>1,898,886</u>	<u>-</u>	<u>-</u>	<u>1,898,886</u>
Subtotal	\$ 2,040,544	\$ -	\$ -	\$ 2,040,544
Less: Accumulated Depreciation	<u>(944,140)</u>	<u>(51,784)</u>	<u>-</u>	<u>(995,924)</u>
Total Capital Assets	<u>\$ 1,096,404</u>	<u>\$ (51,784)</u>	<u>\$ -</u>	<u>\$ 1,044,620</u>

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:

General government	\$ 1,860
Public works	11,357
Recreation and cultural	<u>2,896</u>
Total	<u>\$ 16,113</u>

Business-type functions:

Water	\$ 16,816
Sewer	<u>34,968</u>
Total	<u>\$ 51,784</u>

NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2005:

	<u>Bonds</u> <u>Payable</u>
As of April 1, 2004	\$ 415,000
Additions	-
(Reductions)	<u>(40,000)</u>
As of March 31, 2005	<u>\$ 375,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at March 31, 2005 is comprised of the following individual issues:

	<u>Balance</u> <u>April 1,</u> <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31,</u> <u>2005</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities:					
\$300,000 bond due in annual installments of \$10,000 through January 1, 2019; interest at 5.00% - Water Fund.	\$ 150,000	\$ -	\$ (10,000)	\$ 140,000	\$ 10,000
\$815,000 bond due in annual installments of \$10,000 to \$40,000 through October 1, 2011 ; interest varies from 5.65% to 6.50% - Sewer Fund	<u>265,000</u>	<u>-</u>	<u>(30,000)</u>	<u>235,000</u>	<u>35,000</u>
Total Business-Type Activities	<u>\$ 415,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ 375,000</u>	<u>\$ 45,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending</u> <u>March 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 45,000	\$ 20,650
2007	45,000	18,059
2008	45,000	15,415
2009	50,000	12,570
2010	50,000	9,530
2011-2015	100,000	19,775
2016-2019	<u>40,000</u>	<u>5,000</u>
Total	<u>\$ 375,000</u>	<u>\$ 100,999</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Schedule of Indebtedness - Bonds Payable (Water Fund)

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979, for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/2/79	\$ 300,000	5.00%	1/1/06	\$ 10,000	\$ 7,000
		5.00%	1/1/07	10,000	6,500
		5.00%	1/1/08	10,000	6,000
		5.00%	1/1/09	10,000	5,500
		5.00%	1/1/10	10,000	5,000
		5.00%	1/1/11	10,000	4,500
		5.00%	1/1/12	10,000	4,000
		5.00%	1/1/13	10,000	3,500
		5.00%	1/1/14	10,000	3,000
		5.00%	1/1/15	10,000	2,500
		5.00%	1/1/16	10,000	2,000
		5.00%	1/1/17	10,000	1,500
		5.00%	1/1/18	10,000	1,000
		5.00%	1/1/19	10,000	500
TOTAL				<u>\$ 140,000</u>	<u>\$ 52,500</u>

Schedule of Indebtedness - Bonds Payable (Sewer Fund)

Berrien County Sanitary Sewage Disposal Refunding Bonds were issued by the County of Berrien October 1, 1992, for the purpose of refunding Berrien County Sewage Disposal System No. 18 Bonds (Prior Bonds) and paying the costs of issuing and refunding bonds. The County of Berrien called for redemption, on October 1, 1995, of all outstanding maturities of the Prior Bond.

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/1/92	\$ 815,000	5.75%	10/1/05	\$ 35,000	\$ 13,650
		5.90%	10/1/06	35,000	11,559
		6.05%	10/1/07	35,000	9,415
		6.20%	10/1/08	40,000	7,070
		6.30%	10/1/09	40,000	4,530
		6.40%	10/1/10	40,000	1,950
		6.50%	10/1/11	10,000	325
TOTAL				<u>\$ 235,000</u>	<u>\$ 48,499</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the year, the following transfer was made between funds:

From General Fund	
To Police Fund	\$ <u>8,387</u>
Total Transfers Between Funds	\$ <u>8,387</u>

Funds were transferred to the police to cover annual contract payments for police services provided by Lake Township Police Department.

NOTE 6 - PENSION PLAN

The Village participates in a defined contribution pension plan, which is deposited with Traveler's Insurance Co., and administered by J. W. Ryan, covering full-time employees. Employees who elect this plan contribute 6% of their gross earnings to the plan, which is matched by the Village. The Village currently has one full-time employee who is eligible.

The Village's pension cost for the fiscal year ending March 31, 2005 is \$2,059. The current year contribution was based on covered payroll of \$34,320.

The Village's participation in the above mentioned plan ended on March 31, 2005. On April 1, 2004, the Village started a 401(k) plan, in which employees can make elective deferrals to the plan, regardless of full or part-time status; however, the Village contributes 6% for those employees considered full-time. Under this plan three employees are considered full-time. The Village's pension cost for the fiscal year ending March 31, 2005, is \$3,135. The current year contribution was based on covered payroll of \$52,256.

NOTE 7 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building and mechanical permits	\$ 6,374
Expenditures	
Building and mechanical inspector	<u>5,957</u>
Revenues in Excess of Expenditures	\$ <u>417</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 8 - RISK MANAGEMENT

The Village carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 9 - TRANSACTIONS WITH COMPONENT UNIT

Transactions between the Village and the Downtown Development Authority (DDA) for the year ended March 31, 2005, consisted of a contribution of \$15,000 from the DDA to the Major Street Fund for the Lemon Creek Road project, and a \$46,852 contribution to the General Fund for costs associated with the construction of a pedestrian bridge in the Village's park.

NOTE 10 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Village was adopted at the department level. During the year ended March 31, 2005, the Village incurred expenditures in certain budgetary functions, which were in excess of the amount appropriated as follows:

	<u>Activity Appropriation</u>	<u>Activity Expenditures</u>	<u>Negative Budget Activity</u>
Capital Outlay	\$ 99,000	\$ 106,463	\$ (7,463)
Public Safety	5,500	5,957	(457)

NOTE 11 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

As of and for the year ended March 31, 2005, the Village implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- No. 33 - *Accounting and Financial Reporting for Nonexchange Transactions*
- No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*
- No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues - An Amendment to GASB No. 33*
- No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*
- No. 38 - *Certain Financial Statement Note Disclosures*

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2005

NOTE 11 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS - Continued

Interpretation

- No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The Village is required to implement the new requirements no later than the fiscal year ending March 31, 2005.

The more significant of the changes required by the new standards include:

- Management's discussion and analysis;
- Basic financial statements that include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
 - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
 - Schedules to reconcile the fund financial statements to the government-wide financial statements;
 - Notes to the basic financial statements;
- Required supplementary information, including certain budgetary schedules.

**VILLAGE OF BARODA
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Police Fund - This fund is used to account for revenues collected and monies expended for the purpose of providing police services for the Village.

Local Street Fund - This fund is used to account for revenues collected and monies expended for the purpose of maintaining the nonmajor streets within the Village.

**VILLAGE OF BARODA
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
March 31, 2005**

	<u>Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,537	\$ 2,537
Total Current Assets	\$ 2,537	\$ 2,537
TOTAL ASSETS	\$ 2,537	\$ 2,537
Fund Balances		
Fund Balances:		
Unreserved, reported in Special Revenue	\$ 2,537	\$ 2,537
Total Fund Balances	\$ 2,537	\$ 2,537
TOTAL FUND BALANCES	\$ 2,537	\$ 2,537

VILLAGE OF BARODA
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2005

	<u>Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues		
State shared revenue	\$ 14,766	\$ 14,766
Interest and rents	<u>84</u>	<u>84</u>
Total Revenues	<u>\$ 14,850</u>	<u>\$ 14,850</u>
Expenditures		
General government	\$ 1,943	\$ 1,943
Public safety	10,129	10,129
Public works	<u>26,662</u>	<u>26,662</u>
Total Expenditures	<u>\$ 38,734</u>	<u>\$ 38,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (23,884)	\$ (23,884)
Other Financing Sources (Uses)		
Operating transfer in	<u>8,387</u>	<u>8,387</u>
Net Change in Fund Balances	\$ (15,497)	\$ (15,497)
Fund Balances, Beginning of Year	<u>18,034</u>	<u>18,034</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,537</u>	<u>\$ 2,537</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended March 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property tax collections	\$ 78,000	\$ 94,145	\$ 16,145
Trailer fees	<u>900</u>	<u>871</u>	<u>(29)</u>
Total Taxes	<u>\$ 78,900</u>	<u>\$ 95,016</u>	<u>\$ 16,116</u>
Non-business licenses and permits	<u>\$ 11,300</u>	<u>\$ 9,913</u>	<u>\$ (1,387)</u>
State Revenues:			
State revenue sharing	<u>\$ 80,000</u>	<u>\$ 82,565</u>	<u>\$ 2,565</u>
Charges or Services:			
Graves	<u>\$ 1,000</u>	<u>\$ 1,477</u>	<u>\$ 477</u>
Interest and rents	<u>\$ 36,100</u>	<u>\$ 35,298</u>	<u>\$ (802)</u>
Contributions:			
Contributions and grants	\$ 39,300	\$ 38,742	\$ (558)
Contribution from component unit	<u>50,000</u>	<u>46,852</u>	<u>(3,148)</u>
Total Contributions	<u>\$ 89,300</u>	<u>\$ 85,594</u>	<u>\$ (3,706)</u>
Other	<u>\$ 10,000</u>	<u>\$ 9,845</u>	<u>\$ (155)</u>
TOTAL REVENUES	<u>\$ 306,600</u>	<u>\$ 319,708</u>	<u>\$ 13,108</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Legislative:			
Trustees:			
Salaries	\$ 8,300	\$ 8,130	\$ 170
Payroll taxes	612	622	(10)
Travel	200	-	200
Education	600	150	450
	<u>\$ 9,712</u>	<u>\$ 8,902</u>	<u>\$ 810</u>
Total Legislative			
General Government:			
President:			
Salaries	\$ 5,500	\$ 5,340	\$ 160
Payroll taxes	425	409	16
Travel	750	627	123
Education	700	673	27
	<u>\$ 7,375</u>	<u>\$ 7,049</u>	<u>\$ 326</u>
Total President			
Clerk:			
Salaries	\$ 19,350	\$ 19,114	\$ 236
Payroll taxes	1,480	1,462	18
Supplies	2,400	2,574	(174)
Education	500	230	270
Travel	650	465	185
Equipment and repairs	1,000	795	205
Miscellaneous	70	60	10
	<u>\$ 25,450</u>	<u>\$ 24,700</u>	<u>\$ 750</u>
Total Clerk			
Treasurer:			
Salaries	\$ 8,200	\$ 7,802	\$ 398
Payroll taxes	612	597	15
Travel	350	139	211
Education	300	-	300
Miscellaneous	610	450	160
	<u>\$ 10,072</u>	<u>\$ 8,988</u>	<u>\$ 1,084</u>
Total Treasurer			
Election:			
Salaries	\$ -	\$ -	\$ -
Supplies	100	100	-
	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>
Total Election			

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government, continued:			
Administrative and Office:			
Professional services	\$ 26,850	\$ 23,673	\$ 3,177
Utilities	2,500	2,083	417
Internet services and website	500	498	2
Publishing	2,100	1,626	474
Insurance	38,200	38,663	(463)
Pension	4,575	5,195	(620)
Equipment rental	1,800	1,369	431
Miscellaneous	<u>9,200</u>	<u>9,293</u>	<u>(93)</u>
Total Administrative and Office	<u>\$ 85,725</u>	<u>\$ 82,400</u>	<u>\$ 3,325</u>
Buildings and Grounds:			
Salaries	\$ 6,500	\$ 6,912	\$ (412)
Payroll taxes	500	529	(29)
Supplies	4,000	3,120	880
Utilities	5,000	4,538	462
Repairs and maintenance	<u>3,200</u>	<u>2,208</u>	<u>992</u>
Total Buildings and Grounds	<u>\$ 19,200</u>	<u>\$ 17,307</u>	<u>\$ 1,893</u>
Total General Government	<u>\$ 147,922</u>	<u>\$ 140,544</u>	<u>\$ 7,378</u>
Public Safety:			
Inspectors	<u>\$ 5,500</u>	<u>\$ 5,957</u>	<u>\$ (457)</u>
Total Public Safety	<u>\$ 5,500</u>	<u>\$ 5,957</u>	<u>\$ (457)</u>

VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works:			
Drains	\$ -	\$ -	\$ -
Fire hydrant rental	\$ 9,750	\$ 9,750	\$ -
Highways and Streets:			
Salaries	\$ 11,000	\$ 6,243	\$ 4,757
Payroll taxes	850	478	372
Operating supplies	1,000	55	945
Street lights	13,750	13,108	642
Gas and oil	4,500	4,216	284
Equipment rental	5,000	101	4,899
Equipment repairs	5,000	2,611	2,389
Miscellaneous	100	-	100
Total Highways and Streets	\$ 41,200	\$ 26,812	\$ 14,388
Total Public Works	\$ 50,950	\$ 36,562	\$ 14,388
Community and Economic Development:			
Planning Commission:			
Salaries	\$ 4,150	\$ 3,170	\$ 980
Payroll taxes	300	243	57
Legal fees	2,500	1,411	1,089
Education	500	-	500
Ordinance book	5,000	-	5,000
Miscellaneous	500	197	303
Total Community and Economic Development	\$ 12,950	\$ 5,021	\$ 7,929

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Cultural:			
Parks and Recreation:			
Salaries	\$ 7,000	\$ 6,742	\$ 258
Payroll taxes	536	516	20
Operating supplies	300	15	285
Park repairs	3,000	2,545	455
Equipment rental	4,000	4,081	(81)
Utilities	750	195	555
Outside services	500	51	449
Miscellaneous	800	718	82
Total Recreation and Cultural	<u>\$ 16,886</u>	<u>\$ 14,863</u>	<u>\$ 2,023</u>
Capital Outlay	<u>\$ 99,000</u>	<u>\$ 106,463</u>	<u>\$ (7,463)</u>
Debt Service	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
TOTAL EXPENDITURES	<u>\$ 344,920</u>	<u>\$ 319,312</u>	<u>\$ 25,608</u>

VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
March 31, 2005

	<u>Police Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
ASSETS			
Cash in bank	\$ 2,210	\$ 327	\$ 2,537
TOTAL ASSETS	<u>\$ 2,210</u>	<u>\$ 327</u>	<u>\$ 2,537</u>
FUND BALANCE			
Fund balances:			
Unreserved	\$ 2,210	\$ 327	\$ 2,537
Total Fund Balances	<u>\$ 2,210</u>	<u>\$ 327</u>	<u>\$ 2,537</u>
TOTAL FUND BALANCE	<u>\$ 2,210</u>	<u>\$ 327</u>	<u>\$ 2,537</u>

VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2005

	<u>Police Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
Revenues:			
State shared income	\$ 1,115	\$ 13,651	\$ 14,766
Interest and rents	27	57	84
Contribution from component unit	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 1,142</u>	<u>\$ 13,708</u>	<u>\$ 14,850</u>
Expenditures:			
General Government:			
Professional services	\$ 475	\$ 475	\$ 950
Insurance	-	993	993
	<u>-</u>	<u>993</u>	<u>993</u>
Total General Government	<u>\$ 475</u>	<u>\$ 1,468</u>	<u>\$ 1,943</u>
Public Safety:			
Salaries	\$ 1,600	\$ -	\$ 1,600
Payroll taxes	122	-	122
Contract services	8,387	-	8,387
Miscellaneous	20	-	20
	<u>20</u>	<u>-</u>	<u>20</u>
Total Public Safety	<u>\$ 10,129</u>	<u>\$ -</u>	<u>\$ 10,129</u>
Public Works:			
Routine Maintenance:			
Salaries	\$ -	\$ 5,044	\$ 5,044
Payroll taxes	-	386	386
Supplies	-	179	179
Equipment rental	-	13,756	13,756
Repair and maintenance	-	838	838
	<u>-</u>	<u>838</u>	<u>838</u>
Total Routine Maintenance	<u>\$ -</u>	<u>\$ 20,203</u>	<u>\$ 20,203</u>

VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2005

	<u>Police Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
Public Works, continued:			
Winter Maintenance:			
Salaries	\$ -	\$ 1,846	\$ 1,846
Payroll taxes	-	141	141
Supplies	-	1,023	1,023
Equipment rental	-	3,449	3,449
	<u> </u>	<u> </u>	<u> </u>
Total Winter Maintenance	\$ -	\$ 6,459	\$ 6,459
Total Public Works	\$ -	\$ 26,662	\$ 26,662
Total Expenditures	\$ 10,604	\$ 28,130	\$ 38,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (9,462)	\$ (14,422)	\$ (23,884)
Other Financing Sources:			
Operating transfers in	\$ 8,387	\$ -	\$ 8,387
Net Change in Fund Balance	\$ (1,075)	\$ (14,422)	\$ (15,497)
Fund Balances, Beginning of Year	<u>3,285</u>	<u>14,749</u>	<u>18,034</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,210</u>	<u>\$ 327</u>	<u>\$ 2,537</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 13, 2005

Village Board
Village of Baroda
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2005, we offer the following comments and recommendations:

GENERAL

1. Bank or depository accounts opened or closed during the year should be authorized by the Board.
2. GASB Statement #40 is effective for financial statements for periods beginning after June 15, 2004. The objective of the statement is to update the custodial credit risk disclosure requirements and to establish more comprehensive disclosure requirements addressing other common risks of the deposits and investments of state and local governments. The statement requires a brief description of the deposit or investment policies that are related to the risks that GASB 40 requires to be disclosed, including custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Due to the changes in deposit and investment disclosures, the Village may want to consider updating their existing investment policy to address these risks.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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